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House Committee on Ways and Means

I am writing to you on behalf of SGL Group, the Carbon Company, and the subsidiaries of SGL Group in the United States. This letter is in support of HR 5160, HR 5161, and HR 5162 which request the temporary suspension of import duties on PAN Precursor. These Bills level the playing field for US carbon fiber manufacturers, who are currently at a severe disadvantage versus foreign importers of carbon fiber, who can currently import their products duty free. With carbon fiber being such a strategic growth-oriented product in the global marketplace, it is vital for US manufacturers to participate in future development and growth prospects. Within the SGL Group network of manufacturing, it is cheaper to import carbon fiber for US customers from Europe than to produce locally due to the import duty structure. This has clearly restricted our carbon fiber manufacturing growth plans in the US, and we have expanded elsewhere in the world.

SGL Group is very active in the technological advancement of producing carbon fibers for fuel efficient, lightweight automobiles, which is a major technical trend that the US needs to participate with local US production, not foreign imports. SGL Group currently has a joint venture with BMW to produce carbon fibers for automobiles made in Germany, but as the technology develops, US based production of carbon fiber-made automobiles will naturally occur. This Bill will allow US based carbon fiber manufacturers to compete against the global competition.

Some PAN precursor is manufactured in the United States, but it is not the PAN precursor listed in these Bills. The local PAN precursor is used in aerospace, military, and other small tow applications where filament count is less than 24k filaments per tow. This specific bill addresses precursor where the applications are aimed at industrial use, and US Department of Energy initiatives such as alternative energy and vehicle light weighting. The carbon fiber produced from this imported precursor is classified as industrial grade and does not compete with carbon fiber produced from US based PAN precursor. However, foreign produced carbon fiber is allowed to enter into the US and compete for these key energy applications without import duty, which greatly impacts the competitive nature of the US based carbon fiber manufacturers who pay import duty on the PAN precursor raw material. These markets are cost sensitive where pricing drives material selection.

SGL Group, the Carbon Company fully supports this Bill. Thank you for your attention to and consideration of this matter.

Sincerely,

Scott Carlton

President
SGL Carbon LLC